

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 30, 2020

FEDERATED INVESTORS, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction
of incorporation)

001-14818
(Commission File Number)

25-1111467
(I.R.S. Employer
Identification No.)

Federated Investors Tower
Pittsburgh, Pennsylvania 15222-3779
(Address of principal executive offices, including zip code)

(412) 288-1900
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|------------------------------------|-------------------|---|
| Class B common stock, no par value | FII | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On January 30, 2020, Federated Investors, Inc. issued the earnings press release attached hereto as Exhibit 99.1 to report fourth quarter 2019 results.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits:

[Exhibit 99.1](#)

Earnings press release issued by Federated Investors, Inc. dated January 30, 2020

Exhibit 104

Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FEDERATED INVESTORS, INC.
(REGISTRANT)

Date January 30, 2020

By: /s/ Thomas R. Donahue
Thomas R. Donahue
Chief Financial Officer

Federated Investors, Inc. Reports Fourth Quarter and Full-Year 2019 Earnings

- **Q4 2019 EPS of \$0.81; full-year 2019 EPS of \$2.69**
- **Total assets under management reach a record \$575.9 billion**
- **Board declares \$0.27 per share quarterly dividend**

(PITTSBURGH, Pa., Jan. 30, 2020) — Federated Investors, Inc. (NYSE: FII), a leading global investment manager, today reported earnings per diluted share (EPS) for Q4 2019 of \$0.81, compared to \$0.61 for the same quarter last year, on net income of \$82.1 million for Q4 2019, compared to \$61.5 million for Q4 2018. Full-year 2019 EPS was \$2.69, compared to \$2.18 for 2018 on net income of \$272.3 million for 2019, compared to \$220.3 million for 2018. Federated's full-year 2018 results included a \$27.2 million pre-tax net expense, representing \$0.21 per diluted share net of tax, primarily related to two foreign currency forward derivative instruments (FX Forward Loss) entered into in connection with Federated's 2018 acquisition of a majority interest in Hermes Fund Managers Limited (Hermes).

Federated's total managed assets were \$575.9 billion at Dec. 31, 2019, up \$116.0 billion or 25% from \$459.9 billion at Dec. 31, 2018 and up \$48.7 billion or 9% from \$527.2 billion at Sept. 30, 2019. Average managed assets for Q4 2019 were \$550.1 billion, up \$106.4 billion or 24% from \$443.7 billion reported for Q4 2018 and up \$32.1 billion or 6% from \$518.0 billion reported for Q3 2019.

"Federated reached new records across all three major asset classes—equity, fixed income and money market—with the latter increasing by \$94 billion in 2019 as Federated's diverse lineup of liquidity products offered competitive yields for investors seeking cash-management solutions," said J. Christopher Donahue, president and chief executive officer. "Federated also saw strong sales in the Federated Kaufmann Small Cap Fund, the Hermes Global Equity ESG Fund and a range of other Hermes products."

As announced earlier this month, Federated will change its name to Federated Hermes, Inc., and the company will change its NYSE ticker symbol from FII to FHI. The name change will be effective Jan. 31, 2020, and shares of Federated stock will begin trading on the NYSE under the FHI ticker symbol on Feb. 3, 2020. Also, on Feb. 3, Federated Hermes will launch a multi-faceted campaign to reintroduce the combined company to the investing public. The campaign showcases the combined company as a global leader in active, responsible investing and details its capabilities across asset classes. These changes will come a little more than 18 months after Federated's July 2018 acquisition of a majority interest in London-based Hermes, which operates Hermes Investment Management, a pioneer of integrated ESG investing.

Federated's board of directors declared a quarterly dividend of \$0.27 per share. The dividend is payable on Feb. 14, 2020 to shareholders of record as of Feb. 7, 2020. During Q4 2019, Federated purchased 421,052 shares of Federated class B common stock for \$11.7 million, bringing the total shares of Class B common stock purchased in 2019 to 614,077 shares for \$15.7 million.

Federated's equity assets were a record \$89.0 billion at Dec. 31, 2019, up \$16.5 billion or 23% from \$72.5 billion at Dec. 31, 2018 and up \$8.2 billion or 10% from \$80.8 billion at Sept. 30, 2019. Top-selling equity funds on a net basis during Q4 2019

MEDIA:

Ed Costello 412-288-7538

MEDIA:

Meghan McAndrew 412-288-8103

ANALYSTS:

Ray Hanley 412-288-1920

were Federated Kaufmann Small Cap Fund, Hermes Global Equity ESG Fund, Hermes Global Emerging Markets Fund, Hermes SDG Engagement Equity Fund and Hermes US SMID Equity Fund.

Federated's fixed-income assets were a record \$69.0 billion at Dec. 31, 2019, up \$5.8 billion or 9% from \$63.2 billion at Dec. 31, 2018 and up \$3.2 billion or 5% from \$65.8 billion at Sept. 30, 2019. Top-selling fixed-income funds on a net basis during Q4 2019 were Federated Ultrashort Bond Fund, Federated Institutional High Yield Bond Fund, Hermes SDG Engagement High Yield Credit Fund, Federated Total Return Bond Fund and Federated Municipal Ultrashort Fund.

Federated's money market assets were a record \$395.5 billion at Dec. 31, 2019, up \$93.7 billion or 31% from \$301.8 billion at Dec. 31, 2018 and up \$36.2 billion or 10% from \$359.3 billion at Sept. 30, 2019. Money market mutual fund assets were \$286.6 billion at Dec. 31, 2019, up \$78.1 billion or 37% from \$208.5 billion at Dec. 31, 2018 and up \$25.4 billion or 10% from \$261.2 billion at Sept. 30, 2019. Federated's money market separate account assets were \$108.9 billion at Dec. 31, 2019, up \$15.6 billion or 17% from \$93.3 billion at Dec. 31, 2018 and up \$10.8 billion or 11% from \$98.1 billion at Sept. 30, 2019.

Financial Summary

Q4 2019 vs. Q4 2018

Revenue increased \$50.8 million or 17% primarily due to higher average money market and equity assets and an increase in revenue from assets acquired from PNC Bank, N.A in Q4 2019 ("PNC Acquisition").

During Q4 2019, Federated derived 57% of its revenue from long-term assets (39% from equity assets, 13% from fixed-income assets and 5% from alternative/private markets and multi-asset), 42% from money market assets, and 1% from sources other than managed assets.

Operating expenses increased \$36.0 million or 16% primarily due to an increase in distribution expenses associated with higher average money market fund assets and an increase in compensation and related expenses.

Nonoperating income (expenses), net increased \$15.0 million primarily due to an increase in the market value of investments primarily held by consolidated investment companies and an increase in private equity carried interest income on assets managed by a nonconsolidated entity.

Q4 2019 vs. Q3 2019

Revenue increased \$17.7 million or 5% primarily due to higher average money market assets and the PNC Acquisition.

Operating expenses increased by \$4.2 million or 2% primarily due to an increase in distribution expenses associated with higher average money market fund assets.

2019 vs. 2018

Revenue increased \$191.2 million or 17% primarily due to higher average money market assets and the consolidation of Hermes' revenue for the full year in 2019 as compared to half of the year in 2018. These increases were partially offset by a decrease in revenue from lower average domestic equity and multi-asset assets and a change in the mix of average domestic fixed-income assets.

During 2019, Federated derived 59% of its revenue from long-term assets (40% from equity assets, 14% from fixed-income assets and 5% from alternative/private markets and multi-asset), 40% from money market assets, and 1% from sources other than managed assets.

Operating expenses increased by \$173.6 million or 22% primarily due to Hermes' expenses being included for the full year in 2019 as compared to half of the year in 2018 and an increase in distribution expenses associated with higher average money market fund assets.

Nonoperating income (expenses), net increased \$51.5 million primarily due to the FX Forward Loss recorded in 2018, an increase in private equity carried interest income on assets managed by a nonconsolidated entity, and an increase in the market value of investments primarily held by consolidated investment companies.

Federated's level of business activity and financial results are dependent upon many factors including market conditions, investment performance and investor behavior. These factors and others, including asset levels and mix, product sales and redemptions, market appreciation or depreciation, revenues, fee waivers, expenses and regulatory changes, can significantly impact Federated's business activity levels and financial results. Risk factors and uncertainties that can influence Federated's financial results are discussed in the company's annual and quarterly reports as filed with the Securities and Exchange Commission (SEC).

Federated will host an earnings conference call at 9 a.m. Eastern on Jan. 31, 2020. Investors are invited to listen to Federated's earnings teleconference by calling 844-369-8770 (domestic) or 862-298-0840 (international) prior to the 9 a.m. start time. The call may also be accessed in real time via the **About** section of **FederatedInvestors.com**. A replay will be available from approximately 12:30 p.m. Eastern on Jan. 31, 2020 until Feb. 7, 2020 by calling 877-481-4010 (domestic) or 919-882-2331 (international) and entering access code 57109. An online replay will be available via **FederatedInvestors.com** for one year.

Federated Investors, Inc. is a leading global investment manager with \$575.9 billion in assets under management as of Dec. 31, 2019. Our investment solutions span 135 equity, fixed-income, alternative/private markets, multi-asset and money market funds and a range of separately managed account strategies. Providing comprehensive investment management to more than 11,000 institutions and intermediaries, our clients include corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers. Headquartered in Pittsburgh, Federated's nearly 1,900 employees include those in London, New York, Boston and several other offices worldwide. In 2018, Federated acquired a majority interest in Hermes Investment Management, which provides world-class active management and stewardship services.

Federated ranks in the top 6% of equity fund managers in the industry, the top 7% of money market fund managers and the top 12% of fixed-income fund managers¹. Federated also ranks as the 12th-largest SMA manager². Information regarding Hermes is available at **Hermes-Investment.com**. An analyst presentation that includes information about Hermes also is available. For more information, visit **FederatedInvestors.com**.

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1) Strategic Insight as of Dec. 31, 2019. Based on assets under management in U.S. open-end funds.

2) Money Management Institute/Cerulli Associates, Q3 2019.

Federated Securities Corp. is distributor of the Federated funds.

Separately managed accounts are made available through Federated Global Investment Management Corp., Federated Investment Counseling, Federated MDTA LLC, Hermes Investment Management Limited and Hermes European Equities Limited, each a registered investment adviser.

Certain statements in this press release, such as those related to performance, investor preferences and demand, and asset flows and mix, constitute or may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the company, or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Other risks and uncertainties include the ability of the company to predict the level of fee waivers and expenses in future quarters, predict whether performance fees or carried interest will be earned and retained, sustain product demand, and asset flows and mix, which could vary significantly depending on various factors, such as market conditions, investment performance and investor behavior. Other risks and uncertainties include the risk factors discussed in the company's annual and quarterly reports as filed with the SEC. As a result, no assurance can be given as to future results, levels of activity, performance or achievements, and neither the company nor any other person assumes responsibility for the accuracy and completeness of such statements in the future.

Unaudited Condensed Consolidated Statements of Income*(in thousands, except per share data)*

| | Quarter Ended | | % Change Q4 2018 to Q4 2019 | Quarter Ended | |
|---|---------------|---------------|-----------------------------------|----------------|-----------------------------------|
| | Dec. 31, 2019 | Dec. 31, 2018 | | Sept. 30, 2019 | % Change Q3 2019 to Q4 2019 |
| Revenue | | | | | |
| Investment advisory fees, net | \$ 243,631 | \$ 213,990 | 14% | \$ 232,106 | 5% |
| Administrative service fees, net | 69,568 | 52,022 | 34 | 64,216 | 8 |
| Other service fees, net | 44,826 | 41,204 | 9 | 44,018 | 2 |
| <i>Total Revenue</i> | 358,025 | 307,216 | 17 | 340,340 | 5 |
| Operating Expenses | | | | | |
| Compensation and related | 111,436 | 99,153 | 12 | 112,247 | (1) |
| Distribution | 92,950 | 73,482 | 26 | 88,082 | 6 |
| Systems and communications | 14,731 | 11,528 | 28 | 13,353 | 10 |
| Professional service fees | 12,269 | 10,461 | 17 | 10,678 | 15 |
| Office and occupancy | 11,643 | 10,384 | 12 | 10,855 | 7 |
| Advertising and promotional | 4,785 | 5,174 | (8) | 4,102 | 17 |
| Travel and related | 4,180 | 4,627 | (10) | 4,158 | 1 |
| Other | 3,240 | 4,453 | (27) | 7,558 | (57) |
| <i>Total Operating Expenses</i> | 255,234 | 219,262 | 16 | 251,033 | 2 |
| Operating Income | 102,791 | 87,954 | 17 | 89,307 | 15 |
| Nonoperating Income (Expenses) | | | | | |
| Investment income (loss), net | 4,737 | (1,666) | 384 | 444 | NM |
| Debt expense | (1,066) | (1,522) | (30) | (1,239) | (14) |
| Other, net | 5,209 | (2,972) | 275 | 8,264 | (37) |
| <i>Total Nonoperating Income (Expenses), net</i> | 8,880 | (6,160) | 244 | 7,469 | 19 |
| Income before income taxes | 111,671 | 81,794 | 37 | 96,776 | 15 |
| Income tax provision | 26,582 | 20,162 | 32 | 23,191 | 15 |
| Net income including the noncontrolling interests in subsidiaries | 85,089 | 61,632 | 38 | 73,585 | 16 |
| Less: Net income attributable to the noncontrolling interests in subsidiaries | 2,982 | 96 | NM | 623 | 379 |
| Net Income | \$ 82,107 | \$ 61,536 | 33% | \$ 72,962 | 13% |
| Amounts Attributable to Federated Investors, Inc. | | | | | |
| Earnings Per Share¹ | | | | | |
| Basic and diluted | \$ 0.81 | \$ 0.61 | 33% | \$ 0.72 | 13% |
| Weighted-Average Shares Outstanding | | | | | |
| Basic and diluted | 97,403 | 96,758 | | 97,306 | |
| Dividends Declared Per Share | \$ 0.27 | \$ 0.27 | | \$ 0.27 | |

1) *Unvested share-based awards that receive non-forfeitable dividend rights are deemed participating securities and are required to be considered in the computation of earnings per share under the "two-class method." As such, total net income of \$2.9 million, \$2.3 million and \$2.8 million available to unvested restricted Federated shareholders for the quarterly periods ended Dec. 31, 2019, Dec. 31, 2018 and Sept. 30, 2019, respectively, was excluded from the computation of basic earnings per share. In addition to the amounts excluded from the basic earnings per share calculation, the computation of diluted earnings per share excludes net income available to unvested shareholders of a nonpublic consolidated subsidiary.*

Unaudited Condensed Consolidated Statements of Income

(in thousands, except per share data)

| | Year Ended | | |
|---|---------------|---------------|----------|
| | Dec. 31, 2019 | Dec. 31, 2018 | % Change |
| Revenue | | | |
| Investment advisory fees, net | \$ 907,605 | \$ 773,418 | 17% |
| Administrative service fees, net | 245,887 | 199,269 | 23 |
| Other service fees, net | 173,402 | 162,990 | 6 |
| <i>Total Revenue</i> | 1,326,894 | 1,135,677 | 17 |
| Operating Expenses | | | |
| Compensation and related | 442,147 | 354,765 | 25 |
| Distribution | 340,663 | 287,580 | 18 |
| Systems and communications | 52,988 | 39,925 | 33 |
| Office and occupancy | 44,926 | 34,622 | 30 |
| Professional service fees | 43,714 | 42,903 | 2 |
| Advertising and promotional | 17,774 | 16,141 | 10 |
| Travel and related | 16,645 | 15,594 | 7 |
| Other | 20,110 | 13,867 | 45 |
| <i>Total Operating Expenses</i> | 978,967 | 805,397 | 22 |
| Operating Income | 347,927 | 330,280 | 5 |
| Nonoperating Income (Expenses) | | | |
| Investment income, net | 9,416 | 1,628 | 478 |
| Debt expense | (5,037) | (5,885) | (14) |
| Other, net | 12,965 | (29,849) | 143 |
| <i>Total Nonoperating Income (Expenses), net</i> | 17,344 | (34,106) | 151 |
| Income before income taxes | 365,271 | 296,174 | 23 |
| Income tax provision | 88,146 | 73,875 | 19 |
| Net income including the noncontrolling interests in subsidiaries | 277,125 | 222,299 | 25 |
| Less: Net income attributable to the noncontrolling interests in subsidiaries | 4,786 | 2,002 | 139 |
| Net Income | \$ 272,339 | \$ 220,297 | 24% |
| Amounts Attributable to Federated Investors, Inc. | | | |
| Earnings Per Share¹ | | | |
| Basic and diluted | \$ 2.69 | \$ 2.18 | 23% |
| Weighted-Average Shares Outstanding | | | |
| Basic and diluted | 97,259 | 96,949 | |
| Dividends Declared Per Share | | | |
| | \$ 1.08 | \$ 1.06 | |

1) Unvested share-based awards that receive non-forfeitable dividend rights are deemed participating securities and are required to be considered in the computation of earnings per share under the "two-class method." As such, total net income of \$10.2 million and \$8.6 million available to unvested restricted shareholders for the years ended Dec. 31, 2019 and Dec. 31, 2018, respectively, was excluded from the computation of basic earnings per share. In addition to the amounts excluded from the basic earnings per share calculation, the computation of diluted earnings per share excludes net income available to unvested shareholders of a nonpublic consolidated subsidiary.

Unaudited Condensed Consolidated Balance Sheets*(in thousands)*

| | Dec. 31, 2019 | Dec. 31, 2018 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and other investments | \$ 340,635 | \$ 190,490 |
| Other current assets | 120,649 | 113,611 |
| Intangible assets, net, including goodwill | 1,220,762 | 1,149,247 |
| Other long-term assets | 198,085 | 90,335 |
| <i>Total Assets</i> | \$ 1,880,131 | \$ 1,543,683 |
| Liabilities, Redeemable Noncontrolling Interests and Equity | | |
| Current liabilities | \$ 230,713 | \$ 181,180 |
| Long-term debt | 100,000 | 135,000 |
| Other long-term liabilities | 296,052 | 187,869 |
| Redeemable noncontrolling interests | 212,086 | 182,513 |
| Equity excluding treasury stock | 1,322,312 | 1,144,458 |
| Treasury stock | (281,032) | (287,337) |
| <i>Total Liabilities, Redeemable Noncontrolling Interests and Equity</i> | \$ 1,880,131 | \$ 1,543,683 |

Unaudited Changes in Long-Term Assets - By Asset Class

(in millions)

| | Quarter Ended | | | Year Ended | |
|--|---------------|----------------|---------------|---------------|---------------|
| | Dec. 31, 2019 | Sept. 30, 2019 | Dec. 31, 2018 | Dec. 31, 2019 | Dec. 31, 2018 |
| Equity | | | | | |
| Beginning assets | \$ 80,750 | \$ 81,999 | \$ 84,143 | \$ 72,497 | \$ 62,816 |
| Sales ¹ | 5,092 | 5,182 | 4,274 | 20,222 | 13,955 |
| Redemptions ¹ | (5,080) | (6,384) | (6,777) | (21,794) | (22,401) |
| Net sales (redemptions) ¹ | 12 | (1,202) | (2,503) | (1,572) | (8,446) |
| Net exchanges | (12) | (11) | (180) | 181 | (116) |
| Acquisition-related | 2,244 | 0 | 0 | 2,244 | 24,700 |
| Impact of foreign exchange ² | 667 | (577) | 0 | (28) | 0 |
| Market gains and (losses) ³ | 5,350 | 541 | (8,963) | 15,689 | (6,457) |
| Ending assets | \$ 89,011 | \$ 80,750 | \$ 72,497 | \$ 89,011 | \$ 72,497 |
| Fixed Income | | | | | |
| Beginning assets | \$ 65,824 | \$ 65,052 | \$ 65,369 | \$ 63,158 | \$ 64,160 |
| Sales ¹ | 6,010 | 4,805 | 5,330 | 21,424 | 20,156 |
| Redemptions ¹ | (4,603) | (5,418) | (7,424) | (21,543) | (23,370) |
| Net sales (redemptions) ¹ | 1,407 | (613) | (2,094) | (119) | (3,214) |
| Net exchanges | 6 | 10 | 214 | (208) | 136 |
| Acquisition-related | 450 | 0 | 0 | 450 | 2,732 |
| Impact of foreign exchange ² | 184 | (107) | 0 | 60 | 0 |
| Market gains and (losses) ³ | 1,152 | 1,482 | (331) | 5,682 | (656) |
| Ending assets | \$ 69,023 | \$ 65,824 | \$ 63,158 | \$ 69,023 | \$ 63,158 |
| Alternative / Private Markets⁴ | | | | | |
| Beginning assets | \$ 17,156 | \$ 17,917 | \$ 18,621 | \$ 18,318 | \$ 366 |
| Sales ¹ | 426 | 384 | 437 | 1,443 | 1,250 |
| Redemptions ¹ | (486) | (813) | (530) | (2,459) | (1,315) |
| Net redemptions ¹ | (60) | (429) | (93) | (1,016) | (65) |
| Net exchanges | (1) | (61) | 1 | (65) | (2) |
| Acquisition-related | 0 | 0 | 0 | 0 | 18,509 |
| Impact of foreign exchange ² | 1,302 | (560) | 0 | 694 | 0 |
| Market gains and (losses) ³ | (295) | 289 | (211) | 171 | (490) |
| Ending assets | \$ 18,102 | \$ 17,156 | \$ 18,318 | \$ 18,102 | \$ 18,318 |
| Multi-asset | | | | | |
| Beginning assets | \$ 4,140 | \$ 4,213 | \$ 4,790 | \$ 4,093 | \$ 5,014 |
| Sales ¹ | 85 | 65 | 119 | 332 | 493 |
| Redemptions ¹ | (206) | (218) | (369) | (893) | (1,044) |
| Net redemptions ¹ | (121) | (153) | (250) | (561) | (551) |
| Net exchanges | (4) | 57 | (23) | 55 | (21) |
| Acquisition-related | 11 | 0 | 0 | 11 | 45 |
| Market gains and (losses) ³ | 173 | 23 | (424) | 601 | (394) |
| Ending assets | \$ 4,199 | \$ 4,140 | \$ 4,093 | \$ 4,199 | \$ 4,093 |
| Total Long-term Assets⁴ | | | | | |
| Beginning assets | \$ 167,870 | \$ 169,181 | \$ 172,923 | \$ 158,066 | \$ 132,356 |
| Sales ¹ | 11,613 | 10,436 | 10,160 | 43,421 | 35,854 |
| Redemptions ¹ | (10,375) | (12,833) | (15,100) | (46,689) | (48,130) |
| Net sales (redemptions) ¹ | 1,238 | (2,397) | (4,940) | (3,268) | (12,276) |
| Net exchanges | (11) | (5) | 12 | (37) | (3) |
| Acquisition-related | 2,705 | 0 | 0 | 2,705 | 45,986 |
| Impact of foreign exchange ² | 2,153 | (1,244) | 0 | 726 | 0 |
| Market gains and (losses) ³ | 6,380 | 2,335 | (9,929) | 22,143 | (7,997) |
| Ending assets | \$ 180,335 | \$ 167,870 | \$ 158,066 | \$ 180,335 | \$ 158,066 |

1) For certain accounts, Sales and Redemptions are calculated as the remaining difference between beginning and ending assets after the calculation of total investment return.

2) Reflects the impact of translating non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes. Reporting only contains foreign exchange separately beginning with Q1 2019, previously included in Market gains and (losses).

3) Reflects the approximate changes in the fair value of the securities held by the portfolios and, to a lesser extent, reinvested dividends, distributions, net investment income and the impact of changes in foreign exchange rates for periods prior to 2019.

4) Ending assets includes \$8.2 billion, \$8.0 billion and \$8.3 billion at Dec. 31, 2019, Sept. 30, 2019 and Dec. 31, 2018, respectively, of assets managed by a nonconsolidated entity, Hermes GPE LLP, in which Hermes holds an equity method investment.

Unaudited Changes in Long-Term Assets - By Asset Class and Product Type

(in millions)

| | Quarter Ended | | | | | | | | | |
|---|---------------|--------------------------------|--------------|--------------------------------|-------------------------------|--------------------------------|-------------|--------------------------------|--------------------|--------------------------------|
| | Dec. 31, 2019 | | | | | | | | | |
| | Equity | | Fixed Income | | Alternative / Private Markets | | Multi-asset | | Total | |
| | Funds | Separate Accounts ¹ | Funds | Separate Accounts ¹ | Funds ² | Separate Accounts ¹ | Funds | Separate Accounts ¹ | Funds ² | Separate Accounts ¹ |
| Beginning assets | \$ 42,575 | \$ 38,175 | \$ 42,329 | \$ 23,495 | \$ 10,826 | \$ 6,330 | \$ 3,952 | \$ 188 | \$ 99,682 | \$ 68,188 |
| Sales | 3,252 | 1,840 | 4,464 | 1,546 | 367 | 59 | 82 | 3 | 8,165 | 3,448 |
| Redemptions | (3,023) | (2,057) | (3,604) | (999) | (470) | (16) | (199) | (7) | (7,296) | (3,079) |
| Net sales (redemptions) | 229 | (217) | 860 | 547 | (103) | 43 | (117) | (4) | 869 | 369 |
| Net exchanges | (12) | 0 | 86 | (80) | (1) | 0 | (4) | 0 | 69 | (80) |
| Acquisition-related | 2,191 | 53 | 450 | 0 | 0 | 0 | 11 | 0 | 2,652 | 53 |
| Impact of foreign exchange ³ | 387 | 280 | 167 | 17 | 810 | 492 | 0 | 0 | 1,364 | 789 |
| Market gains and (losses) ⁴ | 2,742 | 2,608 | 331 | 821 | (143) | (152) | 158 | 15 | 3,088 | 3,292 |
| Ending assets | \$ 48,112 | \$ 40,899 | \$ 44,223 | \$ 24,800 | \$ 11,389 | \$ 6,713 | \$ 4,000 | \$ 199 | \$ 107,724 | \$ 72,611 |

| | Year Ended | | | | | | | | | |
|---|---------------|--------------------------------|--------------|--------------------------------|-------------------------------|--------------------------------|-------------|--------------------------------|--------------------|--------------------------------|
| | Dec. 31, 2019 | | | | | | | | | |
| | Equity | | Fixed Income | | Alternative / Private Markets | | Multi-asset | | Total | |
| | Funds | Separate Accounts ¹ | Funds | Separate Accounts ¹ | Funds ² | Separate Accounts ¹ | Funds | Separate Accounts ¹ | Funds ² | Separate Accounts ¹ |
| Beginning assets | \$ 36,584 | \$ 35,913 | \$ 40,490 | \$ 22,668 | \$ 11,365 | \$ 6,953 | \$ 3,920 | \$ 173 | \$ 92,359 | \$ 65,707 |
| Sales | 12,380 | 7,842 | 16,730 | 4,694 | 1,062 | 381 | 317 | 15 | 30,489 | 12,932 |
| Redemptions | (11,757) | (10,037) | (16,311) | (5,232) | (1,721) | (738) | (864) | (29) | (30,653) | (16,036) |
| Net sales (redemptions) | 623 | (2,195) | 419 | (538) | (659) | (357) | (547) | (14) | (164) | (3,104) |
| Net exchanges | 181 | 0 | (98) | (110) | (65) | 0 | 55 | 0 | 73 | (110) |
| Acquisition-related | 2,191 | 53 | 450 | 0 | 0 | 0 | 11 | 0 | 2,652 | 53 |
| Impact of foreign exchange ³ | 54 | (82) | 72 | (12) | 430 | 264 | 0 | 0 | 556 | 170 |
| Market gains and (losses) ⁴ | 8,479 | 7,210 | 2,890 | 2,792 | 318 | (147) | 561 | 40 | 12,248 | 9,895 |
| Ending assets | \$ 48,112 | \$ 40,899 | \$ 44,223 | \$ 24,800 | \$ 11,389 | \$ 6,713 | \$ 4,000 | \$ 199 | \$ 107,724 | \$ 72,611 |

- 1) Includes separately managed accounts, institutional accounts, sub-advised funds and other managed products. For certain accounts, Sales and Redemptions are calculated as the remaining difference between beginning and ending assets after the calculation of total investment return.
- 2) Ending assets includes \$8.2 billion of assets managed by a nonconsolidated entity, Hermes GPE LLP, in which Hermes holds an equity method investment.
- 3) Reflects the impact of translating non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes.
- 4) Reflects the approximate changes in the fair value of the securities held by the portfolios and, to a lesser extent, reinvested dividends, distributions and net investment income.

Unaudited Changes in Long-Term Assets - By Product Type

(in millions)

| | Quarter Ended | | | Year Ended | |
|---|---------------|----------------|---------------|---------------|---------------|
| | Dec. 31, 2019 | Sept. 30, 2019 | Dec. 31, 2018 | Dec. 31, 2019 | Dec. 31, 2018 |
| Total Fund Assets¹ | | | | | |
| Beginning assets | \$ 99,682 | \$ 100,946 | \$ 101,437 | \$ 92,359 | \$ 79,301 |
| Sales | 8,165 | 6,900 | 7,868 | 30,489 | 26,601 |
| Redemptions | (7,296) | (7,986) | (10,375) | (30,653) | (32,361) |
| Net sales (redemptions) | 869 | (1,086) | (2,507) | (164) | (5,760) |
| Net exchanges | 69 | 0 | 13 | 73 | 0 |
| Acquisition-related | 2,652 | 0 | 0 | 2,652 | 23,564 |
| Impact of foreign exchange ² | 1,364 | (725) | 0 | 556 | 0 |
| Market gains and (losses) ³ | 3,088 | 547 | (6,584) | 12,248 | (4,746) |
| Ending assets | \$ 107,724 | \$ 99,682 | \$ 92,359 | \$ 107,724 | \$ 92,359 |
| Total Separate Accounts Assets⁴ | | | | | |
| Beginning assets | \$ 68,188 | \$ 68,235 | \$ 71,486 | \$ 65,707 | \$ 53,055 |
| Sales ⁵ | 3,448 | 3,536 | 2,292 | 12,932 | 9,253 |
| Redemptions ⁵ | (3,079) | (4,847) | (4,725) | (16,036) | (15,769) |
| Net sales (redemptions) ⁵ | 369 | (1,311) | (2,433) | (3,104) | (6,516) |
| Net exchanges | (80) | (5) | (1) | (110) | (3) |
| Acquisition-related | 53 | 0 | 0 | 53 | 22,422 |
| Impact of foreign exchange ² | 789 | (519) | 0 | 170 | 0 |
| Market gains and (losses) ³ | 3,292 | 1,788 | (3,345) | 9,895 | (3,251) |
| Ending assets | \$ 72,611 | \$ 68,188 | \$ 65,707 | \$ 72,611 | \$ 65,707 |
| Total Long-term Assets^{1,4} | | | | | |
| Beginning assets | \$ 167,870 | \$ 169,181 | \$ 172,923 | \$ 158,066 | \$ 132,356 |
| Sales ⁵ | 11,613 | 10,436 | 10,160 | 43,421 | 35,854 |
| Redemptions ⁵ | (10,375) | (12,833) | (15,100) | (46,689) | (48,130) |
| Net sales (redemptions) ⁵ | 1,238 | (2,397) | (4,940) | (3,268) | (12,276) |
| Net exchanges | (11) | (5) | 12 | (37) | (3) |
| Acquisition-related | 2,705 | 0 | 0 | 2,705 | 45,986 |
| Impact of foreign exchange ² | 2,153 | (1,244) | 0 | 726 | 0 |
| Market gains and (losses) ³ | 6,380 | 2,335 | (9,929) | 22,143 | (7,997) |
| Ending assets | \$ 180,335 | \$ 167,870 | \$ 158,066 | \$ 180,335 | \$ 158,066 |

1) Includes \$8.2 billion, \$8.0 billion and \$8.3 billion at Dec. 31, 2019, Sept. 30, 2019 and Dec. 31, 2018, respectively, of assets managed by a nonconsolidated entity, Hermes GPE LLP, in which Hermes holds an equity method investment.

2) Reflects the impact of translating non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes. Reporting only contains foreign exchange separately beginning with Q1 2019, previously included in Market gains and (losses).

3) Reflects the approximate changes in the fair value of the securities held by the portfolios and, to a lesser extent, reinvested dividends, distributions, net investment income and the impact of changes in foreign exchange rates for periods prior to 2019.

4) Includes separately managed accounts, institutional accounts, sub-advised funds and other managed products.

5) For certain accounts, Sales and Redemptions are calculated as the remaining difference between beginning and ending assets after the calculation of total investment return.

Unaudited Managed Assets
(in millions)

| | Dec. 31, 2019 | Sept. 30, 2019 | June 30, 2019 | March 31, 2019 | Dec. 31, 2018 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| By Asset Class | | | | | |
| Equity | \$ 89,011 | \$ 80,750 | \$ 81,999 | \$ 80,245 | \$ 72,497 |
| Fixed-income | 69,023 | 65,824 | 65,052 | 64,107 | 63,158 |
| Alternative / private markets ¹ | 18,102 | 17,156 | 17,917 | 17,854 | 18,318 |
| Multi-asset | 4,199 | 4,140 | 4,213 | 4,259 | 4,093 |
| Total long-term assets | 180,335 | 167,870 | 169,181 | 166,465 | 158,066 |
| Money market | 395,539 | 359,292 | 333,066 | 318,413 | 301,794 |
| Total Managed Assets | \$ 575,874 | \$ 527,162 | \$ 502,247 | \$ 484,878 | \$ 459,860 |

By Product Type**Funds:**

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Equity | \$ 48,112 | \$ 42,575 | \$ 43,443 | \$ 42,057 | \$ 36,584 |
| Fixed-income | 44,223 | 42,329 | 42,084 | 41,189 | 40,490 |
| Alternative / private markets ¹ | 11,389 | 10,826 | 11,400 | 11,164 | 11,365 |
| Multi-asset | 4,000 | 3,952 | 4,019 | 4,072 | 3,920 |
| Total long-term assets | 107,724 | 99,682 | 100,946 | 98,482 | 92,359 |
| Money market | 286,612 | 261,215 | 231,321 | 214,764 | 208,480 |
| Total Fund Assets | \$ 394,336 | \$ 360,897 | \$ 332,267 | \$ 313,246 | \$ 300,839 |

Separate Accounts:

| | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Equity | \$ 40,899 | \$ 38,175 | \$ 38,556 | \$ 38,188 | \$ 35,913 |
| Fixed-income | 24,800 | 23,495 | 22,968 | 22,918 | 22,668 |
| Alternative / private markets | 6,713 | 6,330 | 6,517 | 6,690 | 6,953 |
| Multi-asset | 199 | 188 | 194 | 187 | 173 |
| Total long-term assets | 72,611 | 68,188 | 68,235 | 67,983 | 65,707 |
| Money market | 108,927 | 98,077 | 101,745 | 103,649 | 93,314 |
| Total Separate Account Assets | \$ 181,538 | \$ 166,265 | \$ 169,980 | \$ 171,632 | \$ 159,021 |
| Total Managed Assets | \$ 575,874 | \$ 527,162 | \$ 502,247 | \$ 484,878 | \$ 459,860 |

1) Includes \$8.2 billion, \$8.0 billion, \$8.4 billion, \$8.1 billion, and \$8.3 billion at Dec. 31, 2019, Sept. 30, 2019, June 30, 2019, March 31, 2019, and Dec. 31, 2018, respectively, of assets managed by a nonconsolidated entity, Hermes GPE LLP, in which Hermes holds an equity method investment.

Unaudited Average Managed Assets*(in millions)***Quarter Ended**

| | Dec. 31, 2019 | Sept. 30, 2019 | June 30, 2019 | March 31, 2019 | Dec. 31, 2018 |
|--|---------------|----------------|---------------|----------------|---------------|
| By Asset Class | | | | | |
| Equity | \$ 84,448 | \$ 82,027 | \$ 80,819 | \$ 77,554 | \$ 78,084 |
| Fixed-income | 67,602 | 65,074 | 64,913 | 64,167 | 63,881 |
| Alternative / private markets ¹ | 17,838 | 17,407 | 17,772 | 18,311 | 18,410 |
| Multi-asset | 4,149 | 4,167 | 4,225 | 4,225 | 4,449 |
| Total long-term assets | 174,037 | 168,675 | 167,729 | 164,257 | 164,824 |
| Money market | 376,029 | 349,313 | 325,527 | 311,150 | 278,885 |
| <i>Total Avg. Managed Assets</i> | \$ 550,066 | \$ 517,988 | \$ 493,256 | \$ 475,407 | \$ 443,709 |
| By Product Type | | | | | |
| Funds: | | | | | |
| Equity | \$ 44,984 | \$ 43,077 | \$ 42,571 | \$ 40,217 | \$ 39,871 |
| Fixed-income | 43,304 | 41,958 | 41,652 | 41,095 | 41,088 |
| Alternative / private markets ¹ | 11,283 | 11,035 | 11,146 | 11,545 | 11,351 |
| Multi-asset | 3,956 | 3,978 | 4,034 | 4,042 | 4,268 |
| Total long-term assets | 103,527 | 100,048 | 99,403 | 96,899 | 96,578 |
| Money market | 274,116 | 249,846 | 222,282 | 209,260 | 194,009 |
| <i>Total Avg. Fund Assets</i> | \$ 377,643 | \$ 349,894 | \$ 321,685 | \$ 306,159 | \$ 290,587 |
| Separate Accounts: | | | | | |
| Equity | \$ 39,464 | \$ 38,950 | \$ 38,248 | \$ 37,337 | \$ 38,213 |
| Fixed-income | 24,298 | 23,116 | 23,261 | 23,072 | 22,793 |
| Alternative / private markets | 6,555 | 6,372 | 6,626 | 6,766 | 7,059 |
| Multi-asset | 193 | 189 | 191 | 183 | 181 |
| Total long-term assets | 70,510 | 68,627 | 68,326 | 67,358 | 68,246 |
| Money market | 101,913 | 99,467 | 103,245 | 101,890 | 84,876 |
| <i>Total Avg. Separate Account Assets</i> | \$ 172,423 | \$ 168,094 | \$ 171,571 | \$ 169,248 | \$ 153,122 |
| <i>Total Avg. Managed Assets</i> | \$ 550,066 | \$ 517,988 | \$ 493,256 | \$ 475,407 | \$ 443,709 |

1) The average balance includes \$8.3 billion, \$8.1 billion, \$8.1 billion, \$8.4 billion and \$8.3 billion for the quarters ended Dec. 31, 2019, Sept. 30, 2019, June 30, 2019, March 31, 2019 and Dec. 31, 2018, respectively, of assets managed by a nonconsolidated entity, Hermes GPE LLP, in which Hermes holds an equity method investment.

| <i>Unaudited Average Managed Assets</i> <i>(in millions)</i> | Year Ended | |
|---|----------------------|----------------------|
| | Dec. 31, 2019 | Dec. 31, 2018 |
| By Asset Class | | |
| Equity | \$ 81,212 | \$ 70,680 |
| Fixed-income | 65,375 | 63,454 |
| Alternative / private markets ¹ | 17,896 | 9,397 |
| Multi-asset | 4,192 | 4,764 |
| Total long-term assets | 168,675 | 148,295 |
| Money market | 340,505 | 267,093 |
| <i>Total Avg. Managed Assets</i> | \$ 509,180 | \$ 415,388 |
| By Product Type | | |
| Funds: | | |
| Equity | \$ 42,712 | \$ 36,984 |
| Fixed-income | 41,938 | 40,952 |
| Alternative / private markets ¹ | 11,317 | 5,784 |
| Multi-asset | 4,003 | 4,554 |
| Total long-term assets | 99,970 | 88,274 |
| Money market | 238,876 | 182,828 |
| <i>Total Avg. Fund Assets</i> | \$ 338,846 | \$ 271,102 |
| Separate Accounts: | | |
| Equity | \$ 38,500 | \$ 33,696 |
| Fixed-income | 23,437 | 22,502 |
| Alternative / private markets | 6,579 | 3,613 |
| Multi-asset | 189 | 210 |
| Total long-term assets | 68,705 | 60,021 |
| Money market | 101,629 | 84,265 |
| <i>Total Avg. Separate Account Assets</i> | \$ 170,334 | \$ 144,286 |
| <i>Total Avg. Managed Assets</i> | \$ 509,180 | \$ 415,388 |

1) The average balance includes \$8.2 billion and \$4.1 billion for the years ended Dec. 31, 2019 and 2018, respectively, of assets managed by a nonconsolidated entity, Hermes GPE LLP, in which Hermes holds an equity method investment.